

Message Text

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ORIGIN AF-18

INFO OCT-01 EUR-25 ISO-00 EB-11 TRSE-00 AID-20 CIAE-00

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TO AMEMBASSY ACCRA

INFO AMEMBASSY LONDON

C O N F I D E N T I A L STATE 225427

NOFORN

E.O. 11652: GDS

TAGS: EAID, EFIN, BGEN, PFOR, IBRD, GH

SUBJECT: STATUS OF PARTICIPATION NEGOTIATIONS WITH BRIT-
ISH AND DANISH FIRMS

REF: LONDON 10869

1. DEPARTMENT HAS RECEIVED FROM IBRD STAFF MEMBER COPY OF
REPORT FROM REITTER DATED OCTOBER 20 ON THEN CURRENT STATUS
PARTICIPATION NEGOTIATIONS. THIS REPORT IS SUMMARIZED FOR
YOUR INFORMATION ONLY AND SHOULD NOT BE DISCUSSED OUTSIDE
EMBASSIES.

2. DURING WEEK OCTOBER 14 MINISTRY LANDS AND MINERAL RE-
SOURCES SENT LETTERS TO TIMBER COMPANIES STATING ITS POSI-
TION ON PARTICIPATION TERMS. ESSENTIAL ELEMENTS GOVERN-
MENT'S POSITION PRESENTED IN FOLLOWING PARAGRAPHS, TOGETHER
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WITH REITTER'S DESCRIPTION OF ATTITUDES OF THESE AND OTHER

COMPANIES SUBJECT PARTICIPATION.

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3. J. GLICKSTEN AND SON: GOVERNMENT STATES VALUE FOR PARTICIPATION PURPOSES IS 2.7 MILLION CEDIS, SO IT WILL PAY 1.5 MILLION CEDIS, WITH 20 PERCENT DOWNPAYMENT AND BALANCE WITHIN FIVE YEARS. GOG WILL PAY TWO AND ONE-HALF PERCENT ON OUTSTANDING BALANCE. FOREIGN EXCHANGE REPATRIATION WOULD BE IN ACCORDANCE WITH BOG REGULATIONS, WITH GOG TO USE ITS GOOD OFFICES TO INSURE TRANSFER AS SOON AS PRACTICABLE.

GLICKSTEN ESTIMATES FAIR MARKET VALUE AT 12 MILLION CEDIS, BUT HAD OFFERED ACCEPT 8 MILLION AS BASIS FOR PARTICIPATION. GOVERNMENT PROPOSED 3.6 MILLION, THIS BEING STATED CAPITAL AND INCOME RESERVE. COMPANY DOES NOT KNOW WHAT 2.7 MILLION FIGURE INTENDED REPRESENT. COMPANY CHARACTERIZES GOG OFFER AS LUDICROUS, MAINTAINING THAT IF IT IS INDEED GOG'S LAST OFFER IT CONSTITUTES EXPROPRIATION OR CONFISCATION. GLICKSTEN ACCEPTS GOVERNMENT'S PROPOSAL FOR MANAGEMENT CONTRACT, EXCEPT FOR AMOUNT OF COMPENSATION, ON WHICH THERE HAS BEEN NO AGREEMENT. GLICKSTEN PROTESTS THAT STATUTE FOR SUCCESSOR COMPANY GIVES NO PROTECTION TO MINORITY INTEREST. REACTION OF GLICKSTEN UNDER CONSIDERATION BY BOARD IN LONDON, WHICH EXPECTED BRING INFLUENCE ON HMG THROUGH CLOSE CONSERVATIVE PARTY CONNECTIONS. REITTER COMMENTS THAT GLICKSTEN HAS HAD POOR RELATIONS WITH SUCCESSIVE GHANA GOVERNMENTS, DUE COMPANY'S QUOTE BULLDOZER STYLE AND ATTITUDES UNQUOTE.

4. BRISCOE: GOVERNMENT PURCHASE PRICE TWO-THIRDS OF WHAT COMPANY REGARDS AS FAIR, BUT BRISCOE PROBABLY WOULD ACCEPT IF GOG WOULD GUARANTY REPATRIATION. COMPANY MIGHT ACCEPT A THREE OR FIVE YEAR COMPENSATION STRETCHOUT, BUT TWO AND ONE-HALF PERCENT INTEREST TOO LOW. BRISCOE HAS NO SERIOUS PROBLEM WITH PROPOSED MANAGEMENT CONTRACT OR SUCCESSOR COMPANY STATUTES. LOCAL MANAGER AWAITING INSTRUCTIONS FROM COPENHAGEN AND ASSUMES BOARD WILL PREPARE COUNTERPROPOSAL. MANAGER NOTES BRISCOE, UNLIKE GLICKSTEN, HAS OTHER INTERESTS IN GHANA IT WISHES PROTECT AND THUS SEEKS AVOID CONFRONTATION.

5. UNITED AFRICA COMPANY: GOVERNMENT STATES VALUE AT 1.7
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MILLION CEDIS, VERSUS NET BOOK VALUE OF 2.4-2.7 MILLION, COMPANY ESTIMATE OF FAIR MARKET VALUE OF 4.2 MILLION, AND ANNUAL PROFIT OF 2.2 MILLION. COMPANY WOULD COMPROMISE ON PRICE AND ACCEPT COMPENSATION STRETCHOUT IN RETURN FOR GUARANTEES ON REPATRIATION OF COMPENSATION AND FUTURE PROFITS. NO PROBLEM WITH MANAGEMENT CONTRACT OR COMPANY STATUTES. UAC BOARD MEMBER EXPECTED IN ACCRA TO REVIEW SITUATION AND MAKE RECOMMENDATIONS TO UAC BOARD. REJECTION

OF GOG PROPOSAL LIKELY, BUT UAC ANXIOUS PROTECT OTHER INTERESTS IN GHANA.

6. ASHANTI GOLDFIELDS: COMPANY RECEIVED THREE MONTHS PREVIOUSLY LETTER SIMILAR THAT SENT TIMBER COMPANIES. PARENT COMPANY LONRHO REJECTED GOG TERMS OUTRIGHT. LONRHO SUBSEQUENTLY PROPOSED ASHANTI GOLDFIELDS TAKE OVER STATE GOLD MINING CORPORATION IN TRANSACTION WHICH WOULD BURY ISSUE OF COMPENSATION FOR GOG PARTICIPATION IN ASHANTI GOLDFIELDS.

TINY ROWLAND EXPECTED IN ACCRA TO DISCUSS PROPOSAL.

7. CAST: COMPANY ALSO REJECTED OUTRIGHT LETTER RECEIVED THREE MONTHS PREVIOUSLY AND HAS HEARD NOTHING FURTHER FROM GOG.

8. BRITISH ALUMINIUM: BRITISH HIGH COMMISSION SAYS IT HAS NO KNOWLEDGE OF SETTLEMENT TERMS, AND GOG WILL NOT REVEAL THEM. ASSUMPTION IS THAT BRITISH ALUMINIUM ACCEPTED TERMS SIMILAR THOSE PROPOSED OTHER COMPANIES. ASSETS WERE SMALL AND DEPRECIATED AND COMPANY WAS ANXIOUS FOR LONG TERM SUPPLY CONTRACT, WHICH IT PROBABLY RECEIVED.

9. AFRICAN MANGANESE: ONLY COMPANY WHICH HAS NOT RECEIVED LETTER SPECIFYING GOVERNMENT'S TAKEOVER TERMS. NEGOTIATIONS ONGOING.

10. REITTER QUOTES SAM ASANTE AS STATING STANLEY DELIBERATELY DISTORTED ACHEAMPONG'S STATEMENT WHEN HE INFORMED LONDON AND OTHER CREDITORS ACHEAMPONG SAID IN JANUARY 1973 QUOTE EVERYTHING IS NEGOTIABLE UNQUOTE. ASANTE MAINTAINED THIS NEVER HAD BEEN GHANAIAN POSITION. HOWEVER, HE WOULD NOT COMMENT WHEN REITTER ASKED IF TERMS IN LETTERS ARE CONFIDENTIAL

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FINAL GOG POSITION. REITTER COMMENTED HE FOUND STANLEY QUOTE REMARKABLY RESTRAINED UNQUOTE ON PARTICIPATION AND CONCERNED PRIMARILY ON EFFECT IT COULD HAVE ON DEBT NEGOTIATIONS. RUSH

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